

# WORLD-CLASS DATA MANAGEMENT NEVER TAKES ITS EYE OFF THE FUTURE



**MERKLE**

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Data management is a topic that never stands still. Tech is progressing in leaps and bounds and it can be hard to know where to focus right now, let alone to step back and look a year or two ahead.

Nonetheless, we assert that the best marketers are those who can balance immediate priorities with future development. It's possible for your brand to attain its maximum potential without needing an instant major investment in new tech – but only if you look ahead.

## Why is world-beating data management so important for your brand?

Before we go into how you can progress your data capabilities, it's worth reminding ourselves just why effective data management and activation matters for marketing.

In 2019, over a third of marketers felt that brands were able to deliver an exceptional customer experience – but only 18% of consumers agreed (The Harris Poll, 'Addressing the gaps in CX', Redpoint Global). This represents a huge experience gulf that as marketers we must look to remedy. **Furthermore, only 1% of consumers feel that their expectations for a good customer experience are always met** (Customer Experience Impact Report, Oracle).

Consumers want a seamless and connected experience wherever and whenever they interact with our businesses. Yet too many brands still deliver disconnected experiences in the context of siloed channels and technology. Part of the solution to close the experience gap lies in how we leverage customer data effectively, and that's why really putting emphasis on the importance of data management for your business is crucial. Not only must your customer data be activated and managed effectively, it must be stored and deployed against a backdrop of shifting regulations and privacy prioritisation.

## The 'now' is pressing – but the future even more so

So, how are you to know where best to transform to meet your current needs? And how can you do so in order to prepare for future advancement?

Most brands have urgent priorities that need addressing to drive their marketing progression. It can be hard to look beyond the day-to-day, business as usual tasks that are underway, keeping your marketing moving – but we contend it's essential that you do so.

Due to upcoming regulatory and industry changes, few brands are now considering investing in a new Data Management Platform (DMP). The decline of the third-party cookie – fuelled by GDPR, Safari's ITP, and Google's announcement in January of the 2-year time-limit on third party cookies in Chrome – has been touted as the final nail in the coffin of the technology that promised a lot, and often failed to deliver. This shift notwithstanding, many brands are not yet ready or willing to spend money on a Customer Data Platform (CDP), whether they have a DMP or not.

This being the case, why then do we say that building towards the future is essential?

We believe that to be ready for tomorrow, you need to start preparing your business today.

## The cookie crumbles

The death of the third-party cookie will be incredibly impactful to many brands in the early 2020s. It's true that contextual targeting, first-party cookies and Google's Federated Learning of Cohorts solutions all offer some workarounds for third-party cookies, but all have their own limitations. Before third-party cookies are removed entirely, marketers need to be clear about how their strategy will shift to deal with the loss.

Their removal has not happened yet, of course. In the intervening period, while third-party cookies are still around, we need to use them to gather as much data as possible. Marketers should focus budget towards converting prospective customers into registered users to gather the maximum possible first-party data before these cookies are abolished.

Loyalty programmes could be one solution, but beware; loyalty programmes without tangible benefits for the consumer will never yield the level of first-party data a brand requires. Brands need to invest in a data acquisition strategy which has a clear return for customers. Consider that frequently quoted example, Amazon – their approach has proven that consumers are willing to give up sizeable amounts of personal data in exchange for a seamless experience. Your efforts to gather first-party data must have reciprocity baked in.

Due to the death of cookies, our industry has two years to deliver the wholesale technological and business change that is required to maintain the digital advertising ecosystem. Without future-gazing it's impossible to effectively shape current data collection.

## Is my DMP dead?

What about DMPs? With the decline of the third-party cookie, many are pronouncing their doom. We are more cautious, however. A DMP's ability to collect data on both known and unknown users and easily integrate with delivery platforms gives it a valuable ongoing role in many businesses' tech-stacks – for at least the next two years.

Brands with a large proportion of unknown users and large display budgets should in our view continue to activate via their DMPs. The third-party cookie will continue to offer the best match rates into demand-side platforms (DSPs), giving these brands the opportunity to develop an acquisition strategy and grow registered user lists.

Most DMPs also deploy a first-party cookie, collect Mobile Ad IDs (MAIDS) and many now onboard data using hashed email addresses. This gives a degree of flexibility to keep targeting unknown audiences even after third-party cookies are no longer accepted. However, these tools must be used alongside a robust strategy for collecting first-party data – and the consent to use it.

## Is a CDP going to be the holy grail for my business?

If you aren't currently using a DMP, or are already looking past the next two years, however, it's logical to consider whether a customer data platform might soon fit your needs. So - why might you need a CDP – now or in years to come?

A myth to dispel is that a CDP fulfils the same purpose as a traditional CRM database - it does not. A CDP is a piece of technology that's created specifically for marketing purposes. It provides a central storage facility for all customer data, disparate pieces of which may historically have been stored in siloed locations, making them hard to access and aggregate. It's also a platform that spans all channels – contrary to traditional data-focused tech that was restricted to single channels. A CDP unites the total history of behaviours and interactions across all methods of communication to deliver a highly robust and detailed understanding of each unique customer and prospect.

The role of a CDP can be defined as follows:

- Identity Resolution: Can provide a singular identifier for all first-party digital identifiers
- Journey Tracking: Capture of events associated with each engagement
- Customer Profile Distribution: Robust data sharing for profile, segment, and state
- Cloud-based, Marketing-Controlled: Low IT investment for management and implementation

## CDP - Capabilities



Crucially, as distinct to DMPs, CDPs have a first-party data-focus. They comply with future privacy and technical regulations and allow the use of personally identifying information (PII) to target customers.

However, lessons should be learned from the initial fanfare that surrounded DMPs when they originally came to market. Much of the subsequent criticism aimed at DMPs centred around their tendency to over-promise when it came to the sales stage, and under-deliver after implementation. To prevent falling foul of the same problems, you should carefully consider whether a CDP is even necessary for your business (or is likely to be in the future). If you feel it may be appropriate to investigate further, only then should you look to decide which of the plethora of platforms you should consider investing in (more of which later).

### What is the role of personalisation tools?

On the other hand, if you don't feel a CDP is needed yet, you may be considering whether to look to personalisation tools to fill your capability gap.

Be wary, however, as we see clients investing in channel personalisation or cross-channel personalisation tools which often don't scale well. Lack of scalability will reduce future flexibility and possibly incur future cost through earlier-than-planned replacement.

If you're erring towards personalisation tools in lieu of a CDP, look to build a personalisation capability which will scale across channels. This can often be achieved for the same price as less scalable tools – but it's vital to attentively study your brand's likely future requirements before you invest.

That said, if you are currently spending on personalisation tools, a future option could be to upgrade to a CDP once your levels of customer interaction support it. A CDP doesn't have to be a costly new budgetary requirement; it can replace some of the existing technology you're spending on, such as personalisation tools. Note though that CDPs do enable personalisation, but not without a plan to connect audiences, content, and orchestration.



So, if you think that a CDP might be right for your business (one day, or now) - what do you need to consider pre-implementation? Let's consider the things you need to plan towards.

## How can I act now to shore up my business's future success?

The good thing is that future-gazing needn't entail a sudden sizeable spend. By taking the following simple actions, you'll be setting your business up for long-term success:

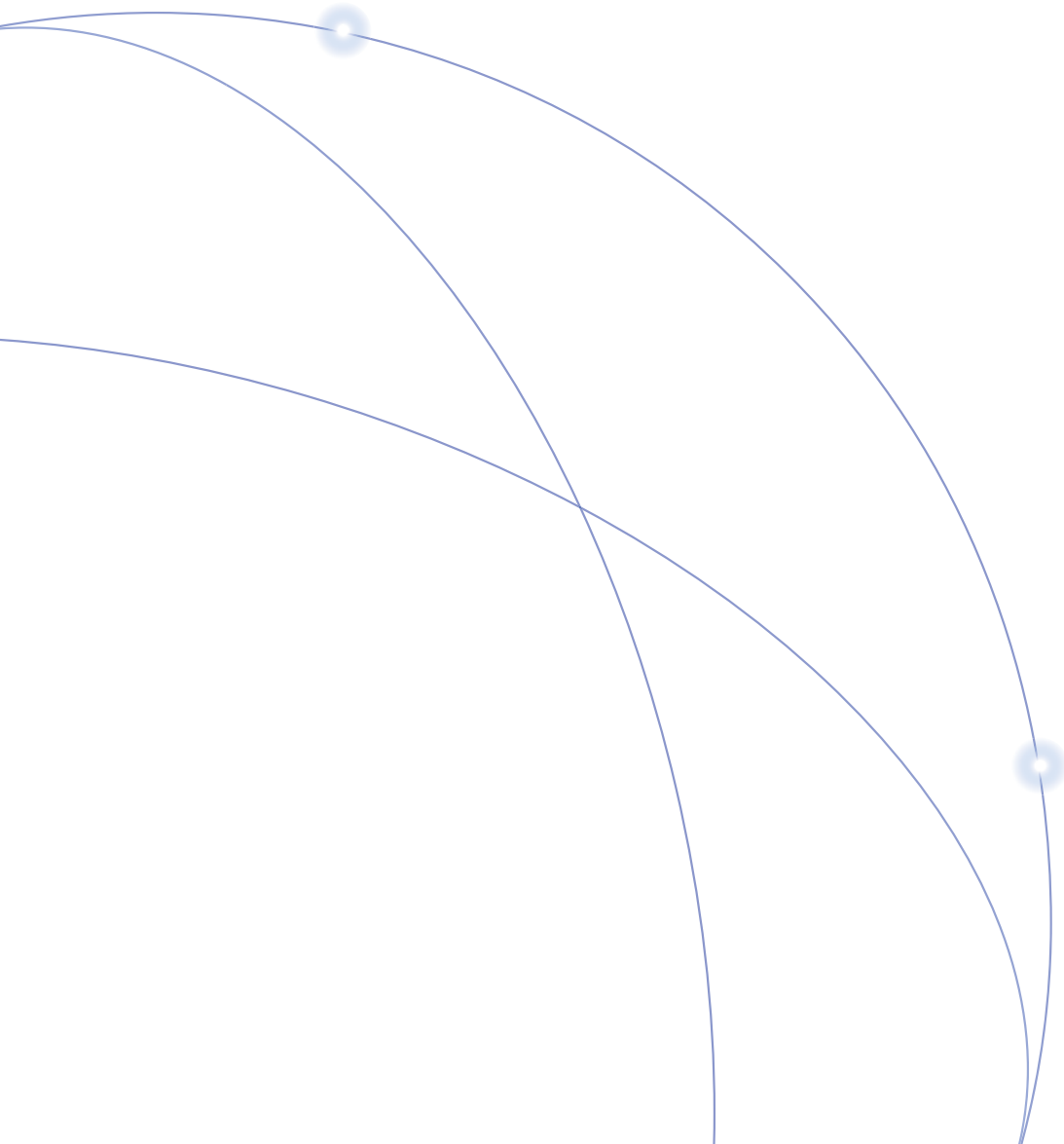
- Research the CDP market in preparation for the end of third-party cookies.
- Scope out your use cases and identify what prerequisites exist to get the most return on your technology investment. Buyers' needs must match to the right personalisation tools or CDP.
- Work towards selecting the right use case to demonstrate value.
- Consider whether you're most likely to look to build or buy a CDP – there are advantages and disadvantages to both paths
- Note that most CDP implementations stop evolving after 1 year - you need to be ready to adopt a continuously evolutive approach for your future CDP, should you opt for that solution.
- Consider how centralising your data and audience definition will impact your organisation. CDP adoption can serve as a change agent.
- Begin to make sure that all teams are prepared – from IT to marketing, department heads down to grads. Educate them all gradually about the potential value of a CDP. Secure the support of key stakeholders – identify your senior champions.
- Look out for and choose the first adopters wisely. Leverage people in the organisation who are excited to hit the ground running.
- Understand your organisational and technical constraints - research to get all the resources you need in place and ensure that your scope is supported by your other technologies.
- Be aware of competing priorities in your organisation.
- Lastly, you could look at developing a marketing test plan to enable measurement and optimisation.

## Future-gazing is the future

You may not be ready to leap into a sizeable investment yet, particularly given the global uncertainty of a likely recession ahead. However, this doesn't mean you can't prepare for the future now – there are concrete actions you can take this year to ensure that you're ready for what lies ahead in data management.

World-class marketers will ensure their customers are at the heart of their strategy. For some, that means a CDP investment will solve many problems - it's important to assess whether your business may be in that category. And if you lay the groundwork now, you'll be ready all the faster if and when the time comes to make the leap.

If you have any questions, do [contact us](#). You may also be interested in our paper, [Ten key principles for CDP adoption](#).





# ABOUT THE AUTHORS

## Matt Heffer

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Starting in tech development, Matt spent several years in testing, moving into technical support, product development, consulting - and finally became a fully-fledged solutions architect. Driven by an obsession to understand how things work, this experience means Matt intimately understands every stage of the software lifecycle. As a result, he's in a unique place to objectively advise on the full range: from product selection, implementation, and innovation through to replacement when the time comes.

Matt joined Merkle in 2014 and took charge of the professional services team. Now part of the Merkle Solutions team for EMEA, Matt is responsible for ensuring our clients are implementing the right solutions, using the latest market innovations and taking advantage of the learnings from Merkle and Dentsu global network. With so much technology now available in the market, Matt's skills enable him to advise on the best solutions to meet business objectives. It is very easy to purchase technology, but technology is just the enabler.

## Emma Martin

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Emma Martin graduated in 2009, having specialised in political data analysis. She began her career working publisher-side for household-name brands such as the BBC, the Evening Standard and Yahoo. These audience data-focused roles gave her vast experience across a wide range of audience measurement and activation technologies. She joined Merkle in 2018 as part of the then DMP team before moving to lead the audience technology team, providing consultancy and on-going management support for all audience technologies (primarily DMPs and CDPs). Her work at Merkle to date has encompassed a huge variety of verticals – from telecoms to pharma to ecommerce to FMCG.

# ABOUT MERKLE

Merkle is a leading data-driven, technology-enabled, global performance marketing agency that specialises in the delivery of unique, personalised customer experiences across platforms and devices. For more than 30 years, Fortune 1,000 companies and leading non-profit organisations have partnered with Merkle to maximise the value of their customer portfolios. The agency's heritage in data, technology, and analytics forms the foundation for its unmatched skills in understanding consumer insights that drive people-based marketing strategies.

Its combined strengths in performance media, customer experience, customer relationship management, loyalty, and enterprise marketing technology drive improved marketing results and competitive advantage. With over 9,000 employees, Merkle is headquartered in Columbia, Maryland, with 19 additional offices in the US, 21 in EMEA and 12 in APAC. In 2016, the agency joined the Dentsu Aegis Network.

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